

worse. This legislation would accomplish the goals of that provision by allowing penalty-free withdrawals during long periods of unemployment from IRA's as well as qualified retirement plan—401(k) and 403(b)—accounts.

Many small businesses offer participation in 401(k) plans, thus, this amendment would help unemployed people who at the time of separation from employment chose to leave their 401(k) funds with their former employer. Then, because of unanticipated long periods of unemployment, need access to those funds. Accordingly, many small businesses would benefit from this amendment. In addition, employees who are laid off from their former employment may need access to those funds in order to start up their own small business. State and local government employees who are displaced through downsizing, also may need access to the funds in their 403(b) plans for similar purposes.

The benefit this legislation would offer the long-term unemployed is the right thing to do in this period of economic uncertainty. You can plan for many things in your life financially, but the impact of long, unanticipated periods of unemployment can create financial havoc on any individual or family, including those that thought they had adequate savings to get them through such a situation. Long periods of unemployment are similar to major illnesses that can result in catastrophic medical expenses. Under current law, taxpayers are allowed penalty-free early withdrawals from qualified retirement plans to meet catastrophic medical expenses, therefore, it makes sense to extend this benefit in cases of long periods of unemployment.

Passage of this legislation would allow unemployed taxpayers a chance to get back on their feet without having to pay an unnecessary financial penalty when they can least afford it.

LEGISLATION TO CHANGE BUDGET SCOREKEEPING RULES

HON. JAMES A. TRAFICANT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 5, 1997

Mr. TRAFICANT. Mr. Speaker, today I am introducing legislation to change the current budget scorekeeping rules as they relate to Federal real estate transactions. The bill is identical to legislation I introduced in the 103d and 104th Congresses. I originally introduced the bill in response to hearings I held during the 103d Congress, when I served as chairman of the Public Works and Transportation Subcommittee on Public Buildings and Grounds. The hearings focused on the way in which the Office of Management and Budget scores Federal real estate transactions. The hearings underscored previous findings by the General Accounting Office that the Federal Government is wasting hundreds of millions of dollars a year in unnecessary long-term leases. The waste is due primarily to the fact that current budget scorekeeping rules prevent the General Services Administration from pursuing a full range of financing options to meet the Federal Government's office space needs. These practices continue to this day.

My legislation has received strong bipartisan support in the past two Congresses. The bill

changes Federal budget accounting rules to allow GSA to utilize a full range of financing mechanisms in meeting Federal office space needs. Under current Federal budget scorekeeping rules, which were established in the 1990 Budget Act, the entire cost of a Federal construction project or building purchase, must be scored in the first year of the project, rather than amortized over the actual construction period, or over the expected life of a purchased building. For leases, the rules require that only the annual rent costs be scored. The end result is that operating leases have become the most attractive vehicle for GSA, the Federal Government's real estate arm, to meet the housing needs of Federal agencies—even though in the long term it is the most costly.

Specifically, the bill amends the Public Buildings Act of 1959 to treat Federal real estate transactions in the same manner they were treated prior to the implementation of the 1990 Budget Act. The bill would allow GSA to utilize alternative financing mechanisms, such as lease-purchases or time financing.

In 1975 GSA's leasing budget was \$388 million. In 1996 GSA spent more than \$2.5 billion on Federal leases. A December 1989 report issued by GAO analyzed 43 projects that GSA might have undertaken if capital financing were available to replace space that GSA would otherwise lease. GAO estimated that, over a 30-year period, constructing the 43 projects instead of leasing, would have saved taxpayers \$12 billion.

Financing by lease purchase is inappropriately being compared by OMB to direct Federal construction, when the correct comparison should be with the cost of long-term leasing. My goal is to ensure that GSA has all the financing tools available to the private sector. Currently GSA does not have the ability to get the best possible deal for the taxpayer—because of the scoring rules. GAS should be able to, on a project by project basis, determine the most cost effective and efficient way to finance a particular Federal real estate transaction. My bill will give GSA this ability. In the long term, this legislation will save the taxpayer hundreds of millions of dollars. I urge my colleagues to support the bill.

THE BALANCED BUDGET AMENDMENT

HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 5, 1997

Mr. PACKARD. Mr. Speaker, the balanced budget amendment is the only foolproof way to guarantee the deficit continues on a permanently downward path to zero. But more than that, a balanced budget amendment is good for America's families. It means reduced interest rates and a lower cost of living for all Americans. A home, a car, and a college education will become more affordable than ever. In my district, a family with the median-priced home would save about \$3,600 each year, based on a 30-year mortgage. Families could keep an extra \$2,200 on a student loan and \$900 on an average-priced car loan. These extra dollars can be spent on your future and that of your children.

The balanced budget amendment will also safeguard Social Security and Medicare while

protecting future generations from crushing debt. The President has said that balancing the budget is his top priority. However, by stating that a balanced budget amendment could lead to reductions in Social Security benefits, he has been using scare tactics to avoid committing to a balanced budget.

Mr. Speaker, I know that Clinton's assertion is not true. In fact, our skyrocketing debt is the real threat to Social Security. The further we go into debt, the harder it will be for the Federal Government to meet its Social Security commitment to today's and tomorrow's seniors. The best way to protect Social Security for future generations is by passing a balanced budget amendment. I find it unfortunate that the President has chosen to oppose our bipartisan effort to improve the American people's quality of life by standing in our way once again. American families can balance their budgets, State and local governments balance their budgets, and so must the Federal Government.

RESPONSIBLE REPEAL OF THE ETHANOL TAX

HON. KEN BENTSEN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 5, 1997

Mr. BENTSEN. Mr. Speaker, I rise to introduce legislation to eliminate the ethanol subsidy. This legislation is good fiscal policy, good agriculture policy, good environmental policy, and good energy policy, and I urge my colleagues to join me as cosponsors.

The ethanol subsidy was established to help address the Nation's energy needs during the oil crisis of the 1970's. Unfortunately it is a program that has proven to be woefully inadequate. According to the Treasury Department, the ethanol subsidy cost the American taxpayers over \$5.3 billion from 1983–94. The ethanol tax subsidy costs the Federal highway trust fund \$850 million each year—and the revenue drain is increasing. Ethanol receives a 54 cents per gallon Federal tax subsidy on some 1.6 billion gallons of ethanol produced per year—with an additional 10 cents per gallon for small producers and from 10 to 80 cents per gallon more from various States. But we have seen few benefits for this huge expense. In fact, a close examination of the ethanol subsidy shows that it not only has failed to live up to its billing, it has several negative consequences:

Ethanol yields significantly less energy than gasoline. Per gallon, ethanol yields about 76,000 Btu, while gasoline yields between 109,000 to 119,000 Btu. This means that ethanol provides only about two-thirds to three-quarters as much energy and mileage as conventional gasoline.

Ethanol tax subsidies harm beef and dairy industries. Ethanol production competes with traditional feed grain customers for corn, driving the price of feedstocks up for the cattle industry and raising consumer prices for meat and dairy products.

While ethanol does help reduce carbon monoxide emissions, it can increase ground level ozone, especially in hot summer weather. This is because ethanol makes gasoline evaporate more easily.

Corn-based ethanol has had dubious results as an alternative fuel additive, and it is now